

15 January 1962

MEMORANDUM FOR: DIRECTOR OF PERSONNEL

THROUGH: Chief, Personnel Operations Division *SLM*

SUBJECT: The Agency's Optional Retirement Program

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1. [REDACTED] dated 5 January 1960, set forth the Agency policy with respect to retirement for those employees who had or would soon reach optional retirement age. Generally speaking, this new policy came as a shock to 243 employees who were eligible at that time or would be eligible during 1960. In the course of implementing this policy some of the procedures helped to reduce the initial shock, for instance:

(a) Deputy Directors were authorized to grant extensions to those individuals under their jurisdiction who possessed unusual qualifications and skills.

(b) The Agency recognized the problems and hardships which immediate retirement would cause and established an eighteen-month planning period for employees who considered this necessary.

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(c) The Agency Retirement Board was established by [REDACTED] and was prepared to handle cases involving compassionate circumstances.

(d) Eligible employees were encouraged and requested to seek advice and guidance from the Executive Secretary of the Board.

2. During the two years that the Program has been in existence 290 employees have become eligible for retirement. One individual has refused to comply with the Agency policy. This does not mean that all others have considered optional retirement, when eligible, possible or in their best interests. There have been numerous

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instances where individuals have posed strong objections to the policy and the idea of early retirement. Cases of this sort have been resolved in various ways, over long periods of time and after as many as twelve discussions. These discussions have covered a wide range of subjects and rarely follow any set pattern. The policy itself, the need for it and its application to the individual usually requires a great deal of attention before we move on to the general subject of retirement, finances, leisure time, outside employment and Social Security. Many people describe the policy as a breach of promise--that they came with the Agency with the understanding that our retirement system and policy was the same as any other government agency and that they had planned accordingly. Another common reaction to optional retirement is that the Agency is losing, in him, a person who is contributing a great deal and one difficult to replace. At this point it is necessary to discuss the prerogative of the appropriate Deputy Director and tactfully remind him that an extension for these reasons is not justified.

3. Financial commitments and low annuities are, of course, the greatest problem for most of our retirees. It is also the most difficult to resolve. The Board's action to postpone retirement has been the only answer in many instances. This was particularly true with our receptionists and lower-grade employees in Logistics where annuities would have been between \$600 and \$1000. It has been necessary to diplomatically "dig" into other cases to help them or show them that the total picture is brighter than they had first thought. The possibility and advisability of supplemental income and Social Security benefits enters the discussion in a situation of this type. One of the first cases handled under this Program is an excellent example. This GS-14 individual with an annuity of approximately \$4700 was reluctant to leave his position. The idea of supplemental income had not occurred to him--just retirement on \$4700 with nothing to do. After several discussions on the subject of outside employment and Social Security benefits, he agreed to explore the possibilities. In August of 1960 this employee retired and accepted an \$8000 position which after about three years will provide Social Security benefits in addition to his

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government annuity. In this case, as in most, it was necessary to work with the employee until he was convinced of a way to improve his own situation. This must be done in almost every case.

4. The element of leisure time and how to account for it is a problem for our retirees who have no financial worries and do not intend to work after leaving the Agency. It is a serious matter and must be handled with the same care and consideration as that given to a financial problem. The big difference is that with time, study and patience a solution can usually be found by developing interests, talents or hobbies which a person has not considered on his own. A case is now pending of a man, age sixty-five, who claims that he has no outside interests or hobbies and states that he will be most unhappy if he cannot continue on the job until mandatory age. On the other hand, several people have returned to talk over a plan which they have considered or to ask advice on activities which keep them occupied and useful.

5. Early in the Program a determination was made that employees should be notified at least five years prior to their date of eligibility. This concept has strengthened the Program by eliminating the element of surprise and lack of planning. Employees now have a five-year period during which they can prepare, assess their financial situation, explore and plan toward another career and discuss their plans on a relatively objective basis. A few people, at the beginning of the interview, have said that this is too early. However, before the discussion has ended everyone seems to agree that it is only common sense. As the Program progresses there is little doubt that the number of retirements during the year of eligibility will steadily increase and retirees will experience a more satisfactory adjustment in retirement.

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Executive Secretary
Agency Retirement Board

Attachment:
Statistical Report